

STATE OF TENNESSEE

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Reply to:  
Consumer Advocate and Protection Division  
Post Office Box 20207  
Nashville, TN 37202

January 25, 2005

Honorable Pat Miller  
Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243

**RE: In Re: Petition of Tennessee-American Water Company for Approval of  
Change in Rates and Charges  
Docket No. 04-00288**

Dear Chairman Miller:

Enclosed is the Consumer Advocate's Response to data requests issued by the TRA dated January 14, 2005, to both Tennessee-American and the Consumer Advocate. If you have any questions, kindly contact me at (615) 741-8700.

Sincerely,

A handwritten signature in cursive script that reads "Joe Shirley".

Joe Shirley  
Assistant Attorney General

Enclosures  
cc: Aster Adams  
All parties

"1. Provide a forecasted capital structure for Tennessee American Water Company for the midpoint of the attrition year, June 30 2005."

=====RESPONSE=====

No company provides a forecasted capital structure and no company provides unqualified growth forecasts. Companies that make forecasts always qualify them with statements such as this statement by Middlesex Water in its 10-k of April 2004.

*FORWARD-LOOKING STATEMENTS. We discuss certain matters in this document which are not historical facts, but which are "forward-looking statements." We intend these "forward-looking statements" to qualify for safe harbors from liability established by the Private Securities litigation Reform Act of 1995. These "forward-looking statements" may include, but are not limited to, statements regarding: o our expected profitability and results of operations; o strategic plans for growth; o the amount and timing of rate increases and other regulatory matters; o expectations and events concerning capital expenditures; o the availability and quality of our water supply. The "forward-looking statements" in this document reflect what we currently anticipate will happen in each case. What actually happens could differ materially from what we currently anticipate will happen. We are not promising to make any public announcement when we think "forward-looking statements" in this document are no longer accurate, whether as a result of new information, what actually happens in the future or for any other reason. Important matters that may affect what will actually happen include, but are not limited to, general stock market risks, government regulation and fluctuating economic conditions*

Also consider the disclaimer Value Line tells the people who rely on its data:

*"Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN [sic]."*

Neither Dr. Vander Weide nor TAWC testify that they will assume responsibility and liability when Value Line is wrong and consumers are paying excessive rates based on forecasts which are neither attained nor which carry any liability for TAWC.

Therefore, Dr. Brown's opinion is that the only reliable forecasted capital structure for TAWC is the capital structure derived from the 12 water companies SEC Form 10-k, which are audited and certified by independent auditors.

Consider this statement from Brown's Direct, Schedule 16 page 1 of 12:

*"We have audited the accompanying consolidated balance sheets of Artesian Resources Corporation and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003."*

Similar statements regarding each company appear in the remaining pages of schedule 16. But there is no such statement for TAWC.

Tennessee-American's "stand-alone" capital structure is neither audited nor certified because TAWC is controlled by RWE, a firm that does not file reports to the U.S SEC, and a firm that does not follow the GAAP accounting procedures used in the U.S. Given this lack of verification, Dr. Brown's opinion is that SEC data, which is audited and certified, is the only reasonable basis to establish a capital structure for RWE, Tennessee-American's owner. The use of SEC data for rate-making purposes, creates a capital structure for RWE, as if it were operating under GAAP, and therefore create's TAWC's capital structure as if it were derived from GAAP. Without the SEC data, a "stand-alone" TAWC structure is nothing but conjecture masking TAWC's true capital structure as a 100% owned subsidiary of RWE. If you choose to step away from CAPD's methods, and use TAWC's actual capital structure at June 30, 2005, that actual structure is provided in the attachment.

# RWE Consolidated Balance Sheet

12/31/2003 12/31/2002 12/31/2001

RWE Capital Structure At June 30, 2005 Will Be This Average		3 Yr Average Ratio		*Euros in Millions	
Capital In The Form Of:					
Equity		10.07%		9,065 8,924 11,129	
Capital In The Form Of					
Provisions		40.74%		37,671 40,187 40,383	
Liabilities		39.62%		44,061 41,140 30,535	
Deferred Taxes		5.97%		4,526 6,566 6,206	
Deferred Income		3.60%		3,819 3,456 3,196	
Total Capital		100.00%		99,142 100,273 91,449	

\*Source RWE Annual Reports 2002 and 2003

## Tennessee American Capital Structure At June 30, 2005

Portion Of TAWC's Capital Provided By RWE: 80.8%

TAWC Debt Ratio From RWE=RWE Debt Ratio(100% -10.07%) X Portion Of TAWC's Capital Provided By RWE (80.80%) 72.7%

Capital Not Supplied By RWE:

Long Term Debt Provided By Sources Other Than RWE 19.2%

The figures of 80.8% and 19.2% are derived in Dr. Brown's Schedule 37, in Box 5 at the lower right-hand corner. TAWC confirmed in its data responses to CAPD that it has no credit rating that its "short-term" debt is supplied by RWE.

Total TAWC Debt Ratio 91.86%

TAWC Common Equity=RWE Equity Ratio(10.07%) X Portion Of TAWC's Capital Provided By RWE (80.80%) 8.1%

Total 100.00%

Tennessee American's  
Actual Capital Structure  
At June 30, 2005

# Consolidated Balance Sheet as at December 31, 2002

Docket No. 03-00118  
Exhibit CAPD-SB /  
Direct Testimony  
Schedule 1  
Page 1 of 4

<b>Assets</b>				
€ million				
	Note	12/31/02	12/31/01	
<b>Non-current assets</b>				
Intangible assets	(11)			
Property, plant and equipment		18,518	8,502	
Financial assets <sup>1</sup>		33,779	32,310	
		9,280	8,370	
		<b>61,577</b>	<b>49,182</b>	
<b>Current assets</b>				
Inventories				
Accounts receivable and other assets	(12)	3,505	3,643	
Marketable securities	(13)	16,371	15,244	
Cash and cash equivalents	(14)	8,459	10,611	
	(15)	2,143	3,842	
		<b>30,478</b>	<b>33,340</b>	
<b>Deferred taxes</b>				
	(16)	7,593	8,399	
<b>Prepaid expenses</b>				
		625	528	
		<b>100,273</b>	<b>91,449</b>	

<b>Equity and Liabilities</b>				
€ million				
	Note	12/31/02	12/31/01	
<b>Equity/Minority interest</b>				
Group interest	(17)			
Minority interest		6,429	7,730	
		2,495	3,399	
		<b>8,924</b>	<b>11,129</b>	
<b>Provisions</b>				
	(18)	40,187	40,383	
<b>Liabilities<sup>2</sup></b>				
Deferred taxes	(19)	41,140	30,535	
Deferred income	(16)	6,566	6,206	
	(20)	3,456	3,196	
		<b>100,273</b>	<b>91,449</b>	

<sup>1</sup> Include €4,030 million in financial assets accounted for using the equity method (previous year €4,614 million)

<sup>2</sup> Include €23,935 million in long-term interest-bearing liabilities (previous year €11,408 million)

# Consolidated Balance Sheet at December 31, 2003

Assets	Note	12/31/03	12/31/02
€million			
<b>Non-current assets</b>	(11)		
Intangible assets		19,418	18,518
Property, plant and equipment		36,210	33,779
Financial assets <sup>1</sup>		6,778	9,280
		<b>62,406</b>	<b>61,577</b>
<b>Current assets</b>			
Inventories	(12)	3,285	3,505
Accounts receivable and other assets	(13)	16,947	16,371
Marketable securities	(14)	9,615	8,459
Cash and cash equivalents	(15)	2,181	2,143
		<b>32,028</b>	<b>30,478</b>
Deferred taxes	(16)	<b>4,526</b>	<b>7,593</b>
Prepaid expenses		<b>383</b>	<b>625</b>
		<b>99,142</b>	<b>100,273</b>

Equity and Liabilities	Note	12/31/03	12/31/02
€million			
<b>Equity/minority interest</b>	(17)		
Group interest		7,013	6,429
Minority interest		2,052	2,495
		<b>9,065</b>	<b>8,924</b>
<b>Provisions</b>	(18)	<b>14,571</b>	<b>40,187</b>
<b>Liabilities<sup>2</sup></b>	(19)	<b>44,061</b>	<b>41,140</b>
Deferred taxes	(16)	<b>4,526</b>	<b>6,566</b>
Deferred income	(20)	<b>3,119</b>	<b>3,456</b>
		<b>99,142</b>	<b>100,273</b>

<sup>1</sup> Include €3,674 million in financial assets accounted for using the equity method (previous year €4,030 million)

<sup>2</sup> Include €23,100 million in long-term interest-bearing liabilities (previous year €23,935 million)

"2. Dr. Brown's Schedule 13, page 1 of 1, bottom part, has Company Tickers that do not match the company names. Verify if the data provided in the schedule is accurate."

=====RESPONSE=====

The data is accurate. The term "NICOR" in the company-name list was at the top of the list, but should have been at the bottom of the list, as shown in the attachment.

## Schedule 13 Bottom Part As Filed

The Data is correct. The Term "Nicor" Was At the Top Of The List. But it should Have Been At The Bottom Of The List

Gas Companies in Dr. Vander Weide's Direct Testimony For Tennessee-American

Company Ticker

Stock Outstanding Listed In Most Recent 10-K Available in April 2004

Analysis Ends At

Analysis Begins At

100% Stock TurnOver Reached Within Beginning and End Dates

Shares Traded

Shares Traded As Percent Of Stock Outstanding

100% Stock TurnOver Since [YYYY/MM/DD]

Trading Years

## Schedule 13 Bottom Part Corrected

Gas Companies in Dr. Vander Weide's Direct Testimony For Tennessee-American

Company Ticker

Stock Outstanding Listed In Most Recent 10-K Available in April 2004

Analysis Ends At

Analysis Begins At

100% Stock TurnOver Reached Within Beginning and End Dates

Shares Traded

Shares Traded As Percent Of Stock Outstanding

100% Stock TurnOver Since [YYYY/MM/DD]

Trading Years

Northwest Natural  
WGL Holdings Inc  
Piedmont Nat Gas  
AGL Resources  
KEYSPAN CORP  
Atmos Energy  
Peoples Energy  
Nicor Inc

NWN  
WGL  
PNY  
ATG  
KSE  
ATO  
PGL  
NICOR

28,081,000  
48,612,000  
33,441,000  
63,700,000  
159,232,000  
46,498,000  
36,689,968  
44,011,206

2004/03/31  
2004/03/31  
2004/03/31  
2004/03/31  
2004/03/31  
2004/03/31  
2004/03/31  
2004/03/31

2001/01/02  
2001/01/02  
2001/01/02  
2001/01/02  
2001/01/02  
2001/01/02  
2001/01/02  
2001/01/02

Yes  
Yes  
Yes  
Yes  
Yes  
Yes  
Yes  
Yes

25,659,200  
48,713,100  
33,514,100  
63,385,200  
159,292,600  
50,016,000  
36,244,500  
44,091,100

100.8%  
100.2%  
100.2%  
100.1%  
100.0%  
100.2%  
100.5%  
100.2%

2002/10/01  
2002/12/03  
2003/01/31  
2003/02/24  
2003/03/03  
2003/03/27  
2003/05/23  
2003/06/22

1.5  
1.3  
1.2  
1.1  
1.1  
1.0  
0.9  
0.6

Average

1.1



"3. Provide the capital structure of comparable companies used in Dr. Brown's direct testimony as of June 30, 2004, September 30, 2004 and December 31, 2004. If possible, provide all capital structure of comparable companies as of June 30 of each from 2001 to 2004 and a forecasted capital structure for those companies as of June 30, 2005."

=====RESPONSE=====

Data For June 30 and Sep 30 2004 is provided.

Data ending Dec. 31, 2004 will not be available until approximately March 2005. Dr. Brown does not have data as of June 30 for 2001, 2002, and 2003. However, all water companies have fiscal years ending Dec 31. The fiscal year data is provided in the SEC form 10ks, which are audited financial statements.

Because the data ending Dec 31, 2003, 2002 and 2001 have been audited and certified by independent auditors, Dr. Brown's opinion is that capital structures as of June 30 for each year do not represent annual financial results verified by auditors. In addition, the stability of the audited capital structures is proven by the lack of material change from 2001 to 2003, for the water industry as a whole. A further sign of that stability is the lack of material change from Dec 31, 2003 to June 30, 2004 and Sep 30, 2004.

Regarding a forecasted capital structure for those companies as of June 30, 2005, Dr. Brown's opinion is that a June 30, 2005 capital structure will be substantially the same as the current capital structure. Dr. Brown's opinion is that there is no better source for forecasting than the companies' own behavior.

Furthermore, no company provides a forecasted capital structure and no company provides unqualified growth forecasts, just as Dr. Vander Weide remarks in his rebuttal testimony at page 9, line 28: "the companies 10k reports do not report growth forecasts." Companies that do make such forecasts always qualify them with statements such as: "these are forward looking statements and conditions may change." Consider this statement from Middlesex Water in its 10-k of April 2004.

*FORWARD-LOOKING STATEMENTS. We discuss certain matters in this document which are not historical facts, but which are "forward-looking statements." We intend these "forward-looking statements" to qualify for safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. These "forward-looking statements" may include, but are not limited to, statements regarding: o our expected profitability and results of operations; o strategic plans for growth; o the amount and timing of rate increases and other regulatory matters; o expectations and events concerning capital expenditures; o the availability and quality of our water supply. The "forward-looking statements" in this document reflect what we currently anticipate will happen in each case. What actually happens could differ materially from what we currently anticipate will happen. We are not promising to make any public announcement when we think "forward-looking statements" in this document are no longer accurate, whether as a result of new information, what actually happens in the future or for any other reason. Important matters that may affect what will actually happen include, but are not limited to, general stock market risks, government regulation and fluctuating economic conditions"*

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Neither Dr. Vander Weide nor TAWC testify that they will assume responsibility or liability when value line is wrong.

We already know that Value Line is wrong. Dr. Vander Weide uses growth forecasts from Value Line which are higher than the growth forecasts by I/B/E/S, and I/B/E/S has already been discredited by the federal reserve board chairman. We also know that "analysts forecasts" are very biased. But neither Dr. Vander Weide nor TAWC acknowledge these facts in their rebuttal. They are silent.

Mr. Miller, in his rebuttal testimony, at page 18, line 1, testifies that "the utility business is a long-term business." TAWC wants a return based on analysts and firms that have a long-term history of growth forecasts from I/B/E/S that are nearly double what was actually achieved, as the federal reserve chairman said.

Not only does Tennessee-American want rates based on hugely biased forecasts, it proposes a capital structure that is neither audited nor certified because TAWC is controlled by RWE, a firm that does not file reports to the U.S SEC, and a firm that does not follow the GAAP accounting procedures used in the U.S.

Consider this statement from Brown's Direct, Schedule 16 page 1 of 12:

*"We have audited the accompanying consolidated balance sheets of Artesian Resources Corporation and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003."*

Similar statements regarding each company appear in the remaining pages of schedule 16. But there is no such statement for TAWC's stand alone capital structure.

Artesian Resources Consolidated Capitalization

Capital Structure Components As Of	(In Thousands of \$)		
	Not Audited 2004, Sep 30	Not Audited 2004, June 30	Certified By Independent Auditors 2003, Dec 31
Short-Term Debt: Notes Due	\$11,162	\$11,369	\$12,499
Short-Term Debt: Current Portion of Long-Term Debt	\$364	\$363	\$188
Long-Term Debt			
Common Equity	\$63,073	\$63,202	\$60,558
Preferred	\$54,245	\$53,327	\$52,691
Total	\$0	\$0	\$100
	\$148,844	\$148,261	\$146,036

RATIOS

Short-Term Debt: Notes Due	7.5%	7.7%	8.6%
Short-Term Debt: Current Portion of Long-Term Debt	0.2%	0.2%	0.1%
Long-Term Debt	55.8%	56.1%	55.2%
Common Equity	38.4%	38.0%	36.1%
Preferred	0.0%	0.0%	0.1%
Total	100.0%	100.0%	100.0%

Sources For Sep 30 and June 30 2004  
 863110\_ARTESIAN RESOURCES\_10-Q\_2004\_11\_03\_01

		(In Thousands of \$)		BMW	
				Certified By Independent Auditors	
		Not Audited 2004: Sep 30	Not Audited 2004: June 30	2003: Dec 30	
Capital Structure Components As Of:					
Short-Term Debt: Notes Due		\$2,105	\$1,755	\$4,799	
Short-Term Debt: Current Portion of Long-Term Debt		\$0	\$0	\$94	
Long-Term Debt		\$9,000	\$9,000	\$3,948	
Common Equity		\$12,668	\$12,605	\$12,723	
Preferred		\$0	\$0	\$0	
Total		\$23,773	\$23,360	\$21,564	
RATIOS:					
Short-Term Debt: Notes Due		8.9%	7.5%	22.3%	
Short-Term Debt: Current Portion of Long-Term Debt		0.0%	0.0%	0.4%	
Long-Term Debt		37.9%	38.5%	18.3%	
Common Equity		53.3%	54.0%	59.0%	
Preferred		0.0%	0.0%	0.0%	
Total		100.0%	100.0%	100.0%	
Sources For Sep 30 and June 30 2004					
1169237_BIW LTD_10-Q_2004_11_15_01					
1169237_BIW LTD_10-Q_2004_08_14_01					

CMT			
(In Thousands of \$)			
Capital Structure Components As Of:	Not Audited 2004: Sep 30	Not Audited 2004: June 30	Certified By Independent Auditors 2003: Dec 31
Short-Term Debt: Notes Due	\$0	\$0	\$6,454
Short-Term Debt: Current Portion of Long-Term Debt	\$857	\$846	\$904
Long-Term Debt	\$271,895	\$271,968	\$272,226
Common Equity	\$288,862	\$283,282	\$244,524
Preferred	\$3,475	\$3,475	\$3,475
Total	\$565,089	\$559,571	\$527,583
RATIOS:			
Short-Term Debt: Notes Due	0.0%	0.0%	1.2%
Short-Term Debt: Current Portion of Long-Term Debt	0.2%	0.2%	0.2%
Long-Term Debt	48.1%	48.6%	51.6%
Common Equity	51.1%	50.6%	46.3%
Preferred	0.6%	0.6%	0.7%
Total	100.0%	100.0%	100.0%
Sources For Sep 30 and June 30 2004			
1035201_CALIFORNIA WATER_10-Q_2004_11_08_01			
1035201_CALIFORNIA WATER_10-Q_2004_08_10_01			

CTWS			
(In Millions of \$)			
Capital Structure Components As Of:	Not Audited 2004: Sep 30	Not Audited 2004: June 30	Certified By Independent Auditors 2003: Dec 30
Short-Term Debt: Notes Due	\$9,700	\$8,700	\$9,700
Short-Term Debt: Current Portion of Long-Term Debt	\$313	\$312	\$254
Long-Term Debt	\$66,472	\$66,534	\$64,754
Common Equity	\$87,578	\$85,170	\$83,315
Preferred	\$847	\$847	\$847
Total	\$164,910	\$161,563	\$158,870
RATIOS:			
Short-Term Debt: Notes Due	5.9%	5.4%	6.1%
Short-Term Debt: Current Portion of Long-Term Debt	0.2%	0.2%	0.2%
Long-Term Debt	40.3%	41.2%	40.8%
Common Equity	53.1%	52.7%	52.4%
Preferred	0.5%	0.5%	0.5%
Total	100.0%	100.0%	100.0%
Sources For Sep 30 and June 30 2004			
276209_CONNECTICUT WATER_10-Q_2004_11_09_01			
276209_CONNECTICUT WATER_10-Q_2004_08_10_01			

CWCO

(In \$)

Certified By Independent Auditors

Capital Structure Components As Of:

Short-Term Debt: Notes Due	Not Audited 2004: Sep 30	Not Audited 2004: June 30	2003: Dec 31
Short-Term Debt: Current Portion of Long-Term Debt	\$2,996,722	\$2,049,041	\$2,072,245
Long-Term Debt	\$3,683,144	\$3,683,144	\$3,763,144
Common Equity	\$13,959,084	\$14,771,685	\$16,633,437
Preferred	\$46,906,796	\$47,101,135	\$44,248,527
Total	\$16,705	\$13,346	\$16,302
	\$67,562,451	\$67,618,351	\$66,733,655

RATIOS:

Short-Term Debt: Notes Due	4.4%	3.0%	3.1%
Short-Term Debt: Current Portion of Long-Term Debt	5.5%	5.4%	5.6%
Long-Term Debt	20.7%	21.8%	24.9%
Common Equity	69.4%	69.7%	66.3%
Preferred	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%

Sources For Sep 30 and June 30 2004  
 928340\_CONSOLIDATED WATER\_10-Q\_2004\_08\_14\_01



MSEX			
(In \$)			
Capital Structure Components As Of:			
	Not Audited 2004: Sep 30	Not Audited 2004: June 30	Certified By Independent Auditors 2003: DEC 30
Short-Term Debt: Notes Due	\$6,000,000	\$4,500,000	\$12,500,000
Short-Term Debt: Current Portion of Long-Term Debt	\$1,089,578	\$1,067,325	\$1,067,258
Long-Term Debt	\$100,277,424	\$98,284,081	\$97,376,847
Common Equity	\$94,528,567	\$92,764,447	\$79,643,164
Preferred	\$4,063,062	\$4,063,062	\$4,063,062
Total	\$205,958,631	\$200,678,915	\$194,650,351
RATIOS:			
Short-Term Debt: Notes Due	2.9%	2.2%	6.4%
Short-Term Debt: Current Portion of Long-Term Debt	0.5%	0.5%	0.5%
Long-Term Debt	48.7%	49.0%	50.0%
Common Equity	45.9%	46.2%	40.9%
Preferred	2.0%	2.0%	2.1%
Total	100.0%	100.0%	100.0%

Sources For Sep 30 and June 30 2004

66004\_MIDDLESEX WATER\_10-Q\_2004\_11\_09\_01

66004\_MIDDLESEX WATER\_10-Q\_2004\_08\_10\_01

PNMW			
(In Thousands of \$)			
		Certified By Independent	
		Not Audited	Auditors
Capital Structure Components As Of:		2004: Sep 30	2003: Dec 31
Short-Term Debt: Notes Due		\$5,000	\$2,000
Short-Term Debt: Current Portion of Long-Term Debt		\$9,868	\$368
Long-Term Debt		\$17,343	\$26,879
Common Equity		\$29,928	\$30,172
Preferred		\$0	\$0
Total		\$62,139	\$59,419
RATIOS:			
Short-Term Debt: Notes Due		8.0%	3.4%
Short-Term Debt: Current Portion of Long-Term Debt		15.9%	0.6%
Long-Term Debt		27.9%	45.2%
Common Equity		48.2%	50.8%
Preferred		0.0%	0.0%
Total		100.0%	100.0%
Sources For Sep 30 and June 30 2004			
788885_PENNICHUCK CORP _10-Q_2004_11_15_01			
788885_PENNICHUCK CORP _10-Q_2004_08_14_01			

WTR			
(In Thousands of \$)			
Capital Structure Components As Of:			
	Not Audited 2004: Sep 30	Not Audited 2004: June 30	Certified By Independent Auditors 2003: Dec 30
Short-Term Debt: Notes Due	\$147,823	\$151,672	\$96,459
Short-Term Debt: Current Portion of Long-Term Debt	\$41,145	\$41,120	\$39,386
Long-Term Debt	\$772,225	\$770,505	\$696,666
Common Equity	\$681,206	\$676,876	\$659,030
Preferred	\$0	\$0	\$0
Total	\$1,642,399	\$1,640,173	\$1,491,541
RATIOS:			
Short-Term Debt: Notes Due	9.0%	9.2%	6.5%
Short-Term Debt: Current Portion of Long-Term Debt	2.5%	2.5%	2.6%
Long-Term Debt	47.0%	47.0%	46.7%
Common Equity	41.5%	41.3%	44.2%
Preferred	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%
Sources For Sep 30 and June 30 2004			
78128_AQUA AMERICA_10-Q_2004_11_05_01			
78128_AQUA AMERICA_10-Q_2004_08_05_01			

SJW			
(in Thousands of \$)			
Capital Structure Components As Of:			
	Not Audited 2004: Sep 30	Not Audited 2004: June 30	Certified By Independent Auditors 2003: Dec 30
Short-Term Debt: Notes Due	\$0	\$0	\$0
Short-Term Debt: Current Portion of Long-Term Debt	\$47	\$93	\$184
Long-Term Debt	\$143,898	\$143,917	\$139,614
Common Equity	\$173,450	\$168,922	\$166,368
Preferred	\$0	\$0	\$0
Total	\$317,395	\$312,932	\$306,166
RATIOS:			
Short-Term Debt: Notes Due	0.0%	0.0%	0.0%
Short-Term Debt: Current Portion of Long-Term Debt	0.0%	0.0%	0.1%
Long-Term Debt	45.3%	46.0%	45.6%
Common Equity	54.6%	54.0%	54.3%
Preferred	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%
Sources For Sep 30 and June 30 2004			
766829_SJW CORP _10-Q_2004_11_08_01			
766829_SJW CORP _10-Q_2004_08_10_01			

SWWC			
(In Thousands of \$)			
Capital Structure Components As Of:			
	Not Audited 2004: Sep 30	Not Audited 2004: June 30	Certified By Independent Auditors 2003: Dec 31
Short-Term Debt: Notes Due	\$45,689	\$7,009	\$16,609
Short-Term Debt: Current Portion of Long-Term Debt	\$3,810	\$4,125	\$2,697
Long-Term Debt	\$69,407	\$53,746	\$56,493
Common Equity	\$126,243	\$103,823	\$79,160
Preferred	\$466	\$466	\$507
Total	\$245,615	\$169,169	\$155,466
RATIOS:			
Short-Term Debt: Notes Due	18.6%	4.1%	10.7%
Short-Term Debt: Current Portion of Long-Term Debt	1.6%	2.4%	1.7%
Long-Term Debt	28.3%	31.8%	36.3%
Common Equity	51.4%	61.4%	50.9%
Preferred	0.2%	0.3%	0.3%
Total	100.0%	100.0%	100.0%
Sources For Sep 30 and June 30 2004			
92472_SOUTHWEST WATER_10-Q_2004_11_09_01			
92472_SOUTHWEST WATER_10-Q_2004_08_10_01			

YORW			
(In Thousands of \$)			
Capital Structure Components As Of:			
	Not Audited 2004: Sep 30	Not Audited 2004: June 30	Certified By Independent Auditors 2003: Dec 31
Short-Term Debt: Notes Due	\$7,443	\$9,781	\$7,153
Short-Term Debt: Current Portion of Long-Term Debt	\$4,339	\$2,739	\$2,739
Long-Term Debt	\$35,584	\$29,904	\$29,913
Common Equity	\$47,601	\$39,937	\$39,057
Preferred	\$0	\$0	\$0
Total	\$94,967	\$82,360	\$78,862
RATIOS:			
Short-Term Debt: Notes Due	7.8%	11.9%	9.1%
Short-Term Debt: Current Portion of Long-Term Debt	4.6%	3.3%	3.5%
Long-Term Debt	37.5%	36.3%	37.9%
Common Equity	50.1%	48.5%	49.5%
Preferred	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%
Sources For Sep 30 and June 30 2004			
108985_YORK WATER_10-Q_2004_11_08_01			
108985_YORK WATER_10-Q_2004_08_07_01			

**Response to Aster Adams: Data Request 3 Jan 14, 2005**  
**Compare to Brown's Direct Testimony**  
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**Capital Structure Summary As Requested By The TRA For Sep 30 and June 30 2004**

	Data Requested By TRA 2004 Sep 30	Data Requested By TRA 2004 June 30
<b>Capital Structure RATIOS:</b>		
Short-Term Debt, Notes Due	8.5%	5.6%
Short-Term Debt Current Portion of Long-Term Debt	2.6%	2.6%
Long-Term Debt	40.2%	40.9%
<b>Common Equity</b>	<b>50.4%</b>	<b>50.5%</b>
Preferred	0.3%	0.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**\*Capital Structure Summary As Filed By CAPD**

	2003 Dec 31 As Filed By CAPD	2002 Dec 31 As Filed By CAPD	2001 Dec 31 As Filed By CAPD	3 Yr Average As Filed By CAPD
<b>Capital Structure RATIOS:</b>				
Short-Term Debt Notes Due	5.9%	5.7%	7.0%	6.2%
Short-Term Debt Current Portion of Long-Term Debt	1.0%	0.8%	1.4%	1.1%
Long-Term Debt	40.0%	40.6%	41.1%	40.6%
<b>Common Equity</b>	<b>52.6%</b>	<b>52.6%</b>	<b>50.1%</b>	<b>51.8%</b>
Preferred	0.4%	0.4%	0.3%	0.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\*The comparison between the June 30 and Sep 30 data of 2004 to the 2003 Dec 31 data led to our discovery of an error in the calculation of the averages. The error was that American States Water's (AWR) capital structure ratios were omitted from the calculation of the overall ratios. The correct calculation is provided below. The error was to the company's favor but not materially. Had the corrected capital structure been filed, the CAPD's proposed revenue reduction would have increased by \$32,000, from \$1.530 million to \$1.562 million.

**\*Capital Structure Summary As Corrected By CAPD**

	2003 Dec 31 Corrected By CAPD	2002 Dec 31 Corrected By CAPD	2001 Dec 31 Corrected By CAPD	3 Yr Average Corrected By CAPD
<b>Capital Structure RATIOS:</b>				
Short-Term Debt Notes Due	7.4%	5.8%	5.8%	6.3%
Short-Term Debt Current Portion of Long-Term Debt	1.3%	0.9%	0.9%	1.1%
Long-Term Debt	41.8%	41.1%	41.0%	41.2%
<b>Common Equity</b>	<b>49.5%</b>	<b>51.8%</b>	<b>51.8%</b>	<b>51.0%</b>
Preferred	0.3%	0.3%	0.4%	0.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>